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1 INTRODUCTION

Competition and the constant changes in technology and lifestyles have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the basic banking services. They demand and expect a facility to undertake their banking activities where and when they wish to do (Uppal, 2011).

Internet Banking refers to a system allowing individual customers to perform banking activities at off-bank sites such as home, office and other locations via internet based secured networks. Internet or online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments and stop-payment requests, and some even offer online loan and credit card applications.

To access a commercial bank's online banking facility a customer having personal internet access must register with the institution for the service, and set up a confidential 'password' for customer verification. Commercial Banks in the present times allocate 'Customer Numbers', whether or not customers intend to access their online banking facility. Customer numbers are not the same as account numbers, because a number of accounts can be linked to one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be in the nature of checking, savings, provident fund, loan, credit card and other accounts.

Towards accessing internet banking, the customer would go to the commercial bank's website and login to the internet banking facility using the unique customer number and password issued to him. Some financial institutions have set up additional security steps for access, but there is no consistency to the approach adopted. The growing popularity of personal computers coupled with accessibility to internet has marked an increase in use of internet by banks as a channel for receiving instructions and also delivering the products and services to the customers.

2 REVIEW OF LITERATURE

Dannenberg and Kellner (1998), in their study, overviewed the opportunities for effective utilization of the Internet with regard to the banking industry. The authors evaluated that appropriate application of today's cutting edge technology could ensure the success of banks in the competitive market. They evaluated the services of banks via internet as websites provide sophisticated line of products and services at low price. The authors analyzed that transactions via internet reduce the risk of data loss to customers, chance to cut down expenses, higher flexibility for bank employees, re-shaping the banks' image into an innovative and technologically leading institutes, etc. The researchers found that banks could move one step further by entering into a strategic alliance with internet service provider. So, the bank of tomorrow stands to be feasible with today's technology.

Daniel (1999), in his research paper, described e-banking as the newest delivery channel offered by the retail banks in many developing countries. The objective of the study was to analyze the current provision of electronic services of major retail banking organizations in the UK. The researcher through a questionnaire found that 25% banks in the UK were those already providing e-banking services, 50% banks were testing or developing such services while 25% were not providing any e-banking services. Electronic channels, PC, digital TV and all these provide greater accessibility and services at lower price. To make services more adaptable, customers should be provided maximum choice and convenience. Restriction and limitation within organization to operate the services and its market share or strength were viewed as important to decide and operate the e-banking services.

Sathye (1999), in his research paper, explored the factors affecting the adoption of internet banking by Australian customers. The author stated that internet and other virtual banking had significantly lowered the cost structure than traditional delivery channels. So, the banks should encourage customers to use internet for banking transactions. The author also emphasized that for adoption of internet banking, it was necessary that the banks offering this service made the consumers aware about the availability of such a product and explain how it adds value to the other products. The analysis of the study showed that security concerns and lack of awareness stand out as

the reasons for non-adoption of internet banking by Australian customers. However, internet should be considered as a part of overall customers' service and distribution strategy. These measures could help in rapid migration of customers to internet banking resulting in considerable saving of operating costs of banks.

Cheung, et al. (2000:) state that the Internet is such a broadly discussed topic that social pressure plays an important part in explaining its usage. It follows therefore that social pressures may also affect internet banking. Social pressures can emanate from any group such as parents, colleagues, and friends. Whilst it would be difficult to predict how a particular group could influence an individual in the adoption of Internet banking it is never the less possible to assert that there is some influence by others on an individual's intention to adopt internet banking.

A survey conducted in Hong Kong (Cheung, 2001) shows that classmates and friends are likely to have an influence on potential adopters and users of Internet banking. Social factors are a dominant force that not only influence consumers to adopt internet banking, but also influences them to continue banking by internet.

3 CHAPTER SCHEME

The study is divided into 6 chapters

The first chapter includes introduction of Internet banking. Indian scenario of internet banking, advantages of internet banking, risk in internet banking.

The second chapter deals with the review of literature.

The third chapter deals with Research Methodology which covers topics like research statement, significance of the study, research design, objectives of the study, scope of the study, tools and techniques of analysis and limitations of the study.

The fourth chapter deals with the Profile of selected banks under study i.e. SBI, ICICI bank and Citibank

The fifth chapter deals with data analysis, in which demographic profile of respondents using Internet banking from Surat and Ahmedabad cities in Gujarat are analyzed and results are generated based on methodology.

The sixth chapter focuses on conclusion of the study and gives suggestions based on the findings.

4 RESEARCH METHODOLOGY

4.1 Research Statement

The problem studied in the present context is entitled – "**Understanding Consumers' adoption and Customers' satisfaction towards Internet Banking (I-Banking): A study of Public, Private and Foreign sector Banks in Surat and Ahmadabad Cities in Gujarat"**

4.2 Research Design

Study is based on primary survey in which an attempt is made to know customers' adoption and customers' satisfaction from I-banking among selected private, public and foreign sector banks in Surat and Ahmedabad cities in Gujarat. The data is collected by giving a structured questionnaire to bank customers.

4.3 Objectives of study

The objectives of the study are as follows:

- To determine whether customers' adoption of internet banking is influenced by demographic variables such as gender, age, education and occupation.
- To evaluate customer satisfaction/dissatisfaction towards internet banking.
- To find out the dominant factors influencing customers' adoption of I-banking.
- To suggest measures to help banks improve their services and facilities.

4.4 Nature of Data

Primary data is used for the study.

4.5 Tools for data collection

Primary data was collected with the help of questionnaire. The questionnaire has two sections; the first section relates to demographical profile of respondents and the second part relates to the consumers' preferences regarding adoption and satisfaction from Internet banking. The data has been collected directly from the consumers who visit the super markets and were requested to give a free and frank response.

4.6 Sample Selection

For the present study, convenient random sampling was adopted to draw samples from the population, in which, 200 customers from each bank under study were selected i.e. 300 customers from Surat and 300 customers from Ahmedabad city. The information was collected through a structured questionnaire.

4.7 Sampling Technique

Convenience sampling method is used to collect the data.

4.8 Area of the study

The study is limited to Surat and Ahmedabad cities of Gujarat state.

4.9 Hypothesis

To address the research objectives it is hypothesized that:

H_{01}: There is no significant association between gender and duration of operating account through internet banking

H_{02}: There is no significant association between gender and frequency of usage of Internet banking.

H_{03}: There is no significant association between age and duration of operation of account through internet banking

H_{04}: There is no significant association between age and frequency of usage of Internet banking in a month

H_{05}: There is no significant association between Education and duration of operating account through internet banking

H_{06}: There is no significant association between occupation and frequency of usage of internet banking

4.10 Limitations of study

- The study is limited to Surat and Ahmadabad cities only
- Answer to the questionnaire depend upon the beliefs and prejudices of customers

5 DATA ANALYSIS

Data was analyzed using SPSS version 16 for evaluating and interpreting the questionnaire into meaningful information and analysis. Chi-squire and Factor analysis is used for the purpose.

6 SUGGESTIONS

This chapter gives suggestions based on the research done.

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